

Semiannual Report to the Congress

April 1, 1996 - September 30, 1996



U.S. General Services Administration
Office of Inspector General

Foreword

This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the activities of the Office of Inspector General (OIG) for the 6-month reporting period that ended September 30, 1996.

The OIG continued to work closely with GSA management in assisting the Agency to identify and implement sound business management and operational improvements in its various business lines and service operations. We continued to provide advisory services to GSA's Federal Operations Review Model (FORM) teams and to provide independent analyses of FORM assessment results. We also expanded our advisory services initiative by issuing several advisory evaluations informing managers of opportunities for operational improvements. An example of this effort was an advisory report to Agency management on "best practices" of public and private entities operating supply systems similar to GSA's Customer Supply Centers.

During this reporting period, we identified almost \$300 million in financial recommendations on how funds could be put to better use and in other program savings. In addition, 252 referrals were made for criminal prosecution, civil litigation, and administrative action. The OIG also reviewed more than 250 legislative and regulatory matters and received almost 2,500 Hotline calls and letters.

In our ongoing effort to meet the objectives of the Government Performance and Results Act, this office engaged in a strategic planning process designed to place the OIG in the best position to enhance the overall performance of GSA while complying with our statutory mandate to prevent and detect fraud, waste, and abuse in GSA's programs and operations. Our strategic planning efforts included development of an OIG performance plan which will help us align our activities so they are more consistent with the Agency's strategic goals and business objectives. As part of this process, we have begun to reengineer our report development process, design better ways to assist Agency management improve its operations, and streamline our internal organization to increase our own operating efficiencies.

I want to take this opportunity to thank the GSA Acting Administrator, GSA's senior managers, and Members of Congress for their support. I also want to commend the OIG employees for their continued dedication and accomplishments during these times of reform initiatives and downsizing.

William R. Barton

WILLIAM R. BARTON
Inspector General

October 31, 1996

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Summary of OIG Performance

OIG Accomplishments April 1, 1996 To September 30, 1996

Total financial recommendations \$297,652,433

These include:

- Recommendations that funds be put to better use \$285,849,766
- Questioned costs \$11,802,667

Audit reports issued 186

Referrals for criminal prosecution, civil litigation, and administrative action 252

Results Attained

Management decisions agreeing with recommendations, civil settlements, and court-ordered and investigative recoveries \$269,206,260

Indictments and informations on criminal referrals 17

Cases accepted for criminal prosecution 18

Cases accepted for civil action 2

Successful criminal prosecutions 20

Civil settlements 10

Contractors suspended/debarred 99

Employee actions taken on administrative referrals involving GSA employees 8

Fiscal Year 1996 Results

During Fiscal Year (FY) 1996, OIG activities resulted in:

- Almost \$513 million in recommendations that funds be put to better use and in questioned costs. If adopted, these recommendations ultimately result in savings for the taxpayers.
- Management decisions to put \$337.4 million in funds to better use based on OIG recommendations.
- 409 audit reports that assisted management in making sound decisions regarding Agency operations.
- 13 implementation reviews that tracked the progress of actions in response to internal audit reports.
- \$51.4 million recovered as a result of management decisions to recover funds, civil settlements, court-ordered recoveries, and investigative recoveries.
- 354 new investigations opened and 408 cases closed.
- 37 case referrals (66 subjects) accepted for criminal prosecution and 8 case referrals (14 subjects) accepted for civil litigation.
- 32 criminal indictments/informations and 25 successful prosecutions on criminal matters referred.
- 14 civil settlements and 2 judgments.
- 21 referrals to other Federal agencies for further investigation.
- 34 employee actions taken on administrative referrals involving GSA employees.
- 139 contractor suspensions and 108 contractor debarments.
- 410 legislative matters and 53 regulations and directives reviewed.
- 4,080 Hotline calls and letters received of which 176 warranted further GSA action.

Executive Summary

GSA's environment remains one of budget constraints, downsizing, and reform initiatives designed to improve, streamline, or alter GSA's existing activities and work processes. Within this climate, the OIG has continued to work closely with Agency management by providing an independent review of GSA's program results as well as alternatives for improving service delivery. We have also strived to expand the variety of formats used for reporting our analyses, thereby enhancing the value of our services.

Two significant advisory evaluations were issued without making formal recommendations. The first advisory report identified ways that GSA could reduce operating costs, maximize benefits, and expand delivery service and covered areas in its newly initiated program of next-day delivery of office supplies (page 3). In the second report, we benchmarked GSA's customer supply center operations against industry's "best practices" and made suggestions on how to improve customer service and reduce operating costs (page 9).

The OIG continued its involvement with GSA's Federal Operations Review Model (FORM), a multi-step analysis developed by GSA to determine the most cost-effective and efficient ways to deliver GSA's major business line services. We believe the FORM process has been instrumental in improving the delivery and reducing the cost of GSA's services. This period, we issued reports addressing the Supply/Procurement and the Information Technology Integration business lines. As in previous FORM reports, our results concluded that the FORM evaluations should not be relied upon for determining which options result in the lowest operating costs because better cost data is needed for comparing competing delivery options. Benchmarking criteria used in each FORM analysis were either limited in number or were not necessarily comparable to other private or public entities engaged in similar activities (page 10).

We also continued our emphasis on conducting comprehensive program reviews and making recommendations for improvement in several of GSA's major programs and activities. We completed evaluations on a primary method the Agency uses to provide automated data processing services (page 5), and the impact of downsizing buyouts upon GSA's ability to fill key management vacancies, including how GSA implemented the restrictions against reemploying buyout recipients (page 11). We also issued reports on three major activities of the Chief Information Officer's (CIO) operations. The CIO provides Agencywide leadership and technology for using information resources. These reports covered the importance of defining, planning, and coordinating the procurement of new information systems; the conversion of computer systems for the year 2000; and the management of licensed software (page 13). Other evaluations continued recommendations directed at improving security (page 16), ensuring donated property is used for its intended purpose (page 17), and encouraging the use of electronic funds transfer of payments made to GSA for rent collections, data processing and telephone charges, and utility and reimbursable work authorizations (page 20).

The OIG continued to provide procurement support to Agency contracting officers and to protect the integrity of GSA's programs and operations by detecting and preventing fraud, waste, and abuse. This period several private sector contractors agreed to pay over \$12 million to resolve potential civil liability under the False

Executive Summary

Claims Act (page 2). A joint Federal Bureau of Investigation and OIG investigation uncovered a bid-rigging scheme on a series of office property leases (page 4). Other investigations resulted in civil recoveries, convictions, and/or suspension and debarments in cases involving mail fraud, false claims, and false pretenses for a variety of products and services including car washes, wall art, bakery equipment, and computer forms (pages 5 through 8).

The OIG made almost \$300 million in financial recommendations to better use Government funds and other program costs savings; made 252 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed over 250 legislative and regulatory actions; and received almost 2,500 Hotline calls and letters. See page v for a summary of this period's performance and page vi for a FY 1996 summary of accomplishments. We are continuing to revitalize our organization and abilities to provide the services and products GSA needs to enhance its management and overall performance. We are also seeking the best way to align our activities so that they support GSA's strategic goals while at the same time complying with our statutory mandates.

OIG Profile

The GSA OIG was established on October 1, 1978 as one of the original 12 OIGs created by the Inspector General Act of 1978. The OIG's six components work together to perform the missions mandated by the Congress.

Organization

The OIG provides nationwide coverage of GSA programs and activities. It consists of:

- The **Office of Audits**, an evaluative unit staffed with auditors and analysts who provide comprehensive audit coverage of GSA operations through program performance reviews, internal controls assessments, and financial and mandated compliance audits. It also conducts external reviews to support GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions.
- The **Office of Investigations**, an investigative unit that manages a nationwide program to prevent and detect illegal and/or improper activities involving GSA programs, operations, and personnel.
- The **Office of Counsel to the Inspector General**, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG's legislative/regulatory review functions.
- These functions are supported by the **Office of Administration**, the **Office of Quality Management**, and the **Internal Evaluation Staff**. These components provide in-house information systems, budgetary, administrative, personnel, and communications services; promote and coordinate the Total Quality Process program; and plan and direct field office appraisals and internal affairs reviews of OIG operations.

Office Locations

The OIG is headquartered in Washington, D.C., at GSA's Central Office building. Field audit and investigations offices are maintained in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Fort Worth, San Francisco, and Washington, D.C. Sub-offices are also maintained in Auburn, Cleveland, and Los Angeles.

Staffing and Budget

The OIG started FY 1996 with a total on-board strength of 336 employees. As of September 30, 1996, our on-board strength was 314 employees.

The OIG's FY 1996 budget was approximately \$33 million.

Procurement Activities

GSA is responsible for providing working space for almost 1 million Federal employees. GSA, therefore, acquires buildings and sites, constructs facilities, and leases space, as well as contracts for repairs, alterations, maintenance, and protection of Government-controlled space. GSA also operates a Governmentwide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We review these procurements on both a preaward and postaward basis to ensure that the taxpayers' interests are protected.

Significant OIG Accomplishments

Over \$12 Million in Civil Recoveries

During this period, the Government entered into 10 settlement agreements in which companies agreed to pay over \$12 million to resolve their potential civil liability under the False Claims Act. These agreements, negotiated by representatives of the Department of Justice and the GSA OIG, reflect the ongoing efforts of the OIG to pursue cases involving procurement fraud and practices which threaten the integrity of the Government's procurement process.

Many of these cases involved procurements under GSA's Multiple Award Schedule (MAS) program. Under this program, GSA negotiates contracts with a number of vendors who may then sell covered products to Federal agencies at established contract prices. Consistent with the provisions of the Truth in Negotiations Act and the Competition in Contracting Act, the process is based on the principles of full and open disclosure and fair negotiations. Vendors must provide current, accurate, and complete pricing information—including information about discounts granted their most favored commercial customers—during contract negotiations. Relying on this information, GSA contracting personnel then seek to obtain the best possible prices for the Government. In cases where vendors fail to provide current, accurate, or complete information, the Government may pay artificially inflated prices for products and services purchased. Highlights of some of these cases follow.

- The OIG provided support to the Department of Veterans Affairs in its investigation of a food service and hospital uniform manufacturer. The company agreed to pay \$6,000,000 to settle the Government's claims that it failed to provide current, accurate, and complete information to GSA and Veterans Affairs officials negotiating MAS contracts. \$1,000,000 of the settlement is attributed to GSA and represents treble damages plus penalties for the alleged false claims.
- In a *qui tam* case jointly handled by the OIG and the Department of Defense, a company that contracted with Federal agencies to provide architectural and engineering services agreed to pay \$4,000,000 to settle its potential civil False Claims Act liability for falsifying its pension contribution costs when claiming those costs from the Government. The *qui tam* provision of the False Claims Act allows individuals to bring suit, on behalf of themselves and the Federal Government, against contractors who submit false claims or false statements to the Government. Approximately 20 percent of the damages to the Government in this case are attributable to a GSA project.
- A company, and two of its officials, that sold framed wall art to the Government through a MAS contract agreed to pay \$900,000 to settle their potential civil

Procurement Activities

False Claims Act liability. The Government alleged that the company did not manufacture the wall art in question and actually did business solely with Federal Government entities. The company bought art from a sister corporation and then sold the art to the Government at greatly inflated prices. The company and one of its officials also each pled guilty to one count of mail fraud in connection with this matter (see page 6).

- A company that had a MAS contract to provide air treatment, furnace, and plumbing equipment agreed to pay \$450,000 to settle its potential civil False Claims Act liability for charging Federal customers more for its products than it had agreed in its contract. This amount is in addition to \$80,012, in cash and credits, which the contractor returned to various Government agencies subsequent to the GSA OIG investigation. This investigation and an OIG audit of the company's contract for the years 1990-1994 found that the company had regularly charged Federal customers more than the contract allowed.
- A company that provided materials for containing fuel and other chemical spills agreed to pay \$380,000 to settle GSA's claims that it failed to fully disclose its discounting practices when it negotiated its MAS contract. An OIG review of the company's 1988-1991 contract found that Government customers paid a total of \$57,945 more for the company's product than they would have had there been full disclosure. In addition, the review found that, during the life of the contract, the company failed to pass along to its Government customers the discounts it had granted to its commercial customers, as was required by its contract. As a result, the Government paid \$132,107 more than it should have for the products.
- A distributor of paper and packaging products paid \$85,000 to settle the Government's claims that it overcharged Federal customers who purchased their products through the MAS program. The matter was investigated jointly by the OIG and the Federal Bureau of Investigation.
- A company that contracted to provide preventive maintenance and repair services for elevators in a major Federal office building paid \$75,000 to settle the Government's claims that it violated the False Claims Act by submitting false reports about the quality and amount of its contract performance. The amount paid was in addition to amounts already withheld by the Agency for the cost of work not performed.

Next-Day Delivery of Office Supplies

GSA initiated a supply program offering Federal agencies next-day delivery of a wide choice of office supplies at competitive prices, while eliminating individual contract award and administration costs for agencies purchasing directly from vendors. The program was designed to enable the Government to rely more on the commercial marketplace and expose GSA to competition, as recommended in the National Performance Review, and provide an additional outlet for items produced by the National Industries for the Blind (NIB) and Severely Handicapped (NISH) and Federal Prison Industries (UNICOR).

Procurement Activities

In April of 1996, GSA awarded contracts to five office supply vendors for commonly used office supply items. Vendors are required to make deliveries to 90 percent of the Government installations in the contiguous United States by the next business day. Additionally, vendors must sell items produced by NIB, NISH, and UNICOR, remit a one percent industrial funding fee quarterly to GSA, and permit agencies to use the Government's commercial credit card to make payment.

The OIG review of the program initiatives concluded that:

- The contract will accomplish GSA's objectives to speed product delivery and reduce costs to its customers;
- GSA may be able to maximize the benefits of its initiative by expanding the delivery area to include Alaska, Hawaii and Puerto Rico;
- Vendors could reduce catalog issuance costs and subsequently pass on these savings to the Government if catalog requirements could be modified to conform more closely with commercial practices; and
- Savings could be passed on to the Government if GSA and vendors educate and encourage agencies to adopt procurement practices that minimize vendor costs by maximizing ordering efficiency.

Finally, since this program could have a substantial impact on GSA's procurement and supply distribution processes, we advised that it may be beneficial for the Agency to evaluate its current supply system before it focuses its efforts and resources on optimizing the value of the initiative. Besides determining the potential impact of next-day delivery contracts on the supply program, GSA may identify private sector practices that could be adopted or integrated with current Agency practices.

Because the review was advisory in nature, the April 24, 1996 report does not contain formal recommendations.

Contract Bid-Rigging

A joint Federal Bureau of Investigation (FBI) and GSA OIG investigation resulted in the conviction of three real estate developers and a partnership on July 3, 1996 after they pled guilty to a scheme to rig bids on a series of property leases to the Government.

The investigation stemmed from an OIG audit referral on questionable costs associated with a proposed GSA lease. The investigation determined that the three defendants conspired to conceal that they had disclosed prices to other bidders. Two individuals pled guilty in Federal court to single, separate misdemeanor counts of making false certifications. The other individual pled guilty to a single, separate misdemeanor count of aiding and abetting false certifications. The partnership pled guilty to one felony count of major fraud against the Government.

As a condition of their guilty pleas, the defendants have agreed to pay restitution of \$1.5 million to the Government. Also, the three defendants and a total of 13 business

Procurement Activities

entities will remain debarred from Federal contracting or subcontracting for 2 years from the date they are sentenced. Sentencing is scheduled for later this year.

False Claims Conviction

On August 16, 1996, a GSA vendor was sentenced in U.S. District Court to 8 months incarceration, ordered to pay restitution of \$2,500 and serve 150 hours of community service, and placed on 36 months probation in connection with his conviction for filing false claims.

An OIG investigation was initiated when the GSA fleet management center indicated that they may have received fraudulent invoices from a GSA vendor for car washes. The fleet management center controls and monitors use of Government leased vehicles to Federal agencies. The GSA vendor provided car washes on vehicles leased to a Federal agency that employed him. Our investigation disclosed that at least 25 percent of the claims submitted by the vendor were false.

Debarment proceedings are being initiated on both the company and the individual.

Mail Fraud Conviction

On August 15, 1996, a wall art corporation and its operations manager pled guilty in U.S. District Court to charges of mail fraud in connection with a GSA MAS contract. Sentencing is scheduled for December 1996.

An OIG investigation was initiated after GSA requested that a postaward audit be conducted regarding possible false statements made concerning the production point of contracted items, product commerciality, and other information supplied to GSA during contract negotiations. Since the request involved allegations of false statements, the Office of Audits referred the matter directly to the Office of Investigations. The investigation determined that, contrary to representations by the wall art contractor, the entity had no commercial customers and was not a manufacturer of the items sold. Furthermore, the operations manager employed by the contractor owned a separate company that supplied identical wall art to the private sector at half the cost. Contract sales for the 3 year period exceeded \$2,300,000.

Suspension and debarment proceedings concerning the corporation, operations manager, and related individuals and businesses are ongoing.

The Federal Information Systems Support Program

GSA provides automated data processing services to Federal agencies through various programs. Under the Federal Information Systems Support Program (FISSP), GSA awards contracts and issues task orders to commercial vendors for an array of information technology services to be provided to client agencies.

When GSA transferred responsibility for issuing FISSP task orders from one region to another, the OIG initiated a review to determine whether program personnel were effectively processing task orders. While the audit found that FISSP personnel were generally processing task orders in accordance with program requirements, we

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identified one task order valued at approximately \$1.4 million that had been issued for work that was outside the scope of the FISSP contract. Agency officials explained that they had been using the contract to obtain personnel resources for their program because of high customer demand and the current hiring freeze at GSA.

Our report recommended that proper sources be used to obtain contract personnel needed to perform work services. Management agreed with our July 22, 1996, report, and informed us that action has been initiated to award a separate contract for personnel to provide procurement support services for the program. The audit is still in the resolution process.

False Pretenses Conviction

On August 26, 1996, a former bakery manager for a nonprofit agency was sentenced in State Court to 10 years imprisonment (suspended) and ordered to pay restitution of \$4,000 for obtaining money or signature by false pretenses.

The investigation was initiated when the State agency for surplus property notified GSA that a nonprofit agency was not in possession of equipment that the manager had signed for on behalf of the agency. The investigation determined that the manager went to the donation site, purchased various pieces of bakery equipment, and sold that equipment to an out-of-state baking equipment liquidator. Although the nonprofit agency was not aware of the manager's actions, it received a commission from the liquidator.

Utility Services Contracting Activities

Inspired by Vice President Gore's National Performance Review, GSA initiated a project to explore simplifying the procurement of utility services when only one source is available. The intent was to improve efficiency and timeliness in purchasing from single sources and to generate cost savings by reducing workload and related expenses. GSA discontinued the initiative because of conflicts with the Federal Acquisition Regulation (FAR) requirements and legal opinions resulting from Federal case law. During 1995, GSA introduced Federal acquisition reform proposals for consideration by Congress, but those proposals were not incorporated into the Federal Acquisition Reform Act of 1996.

GSA is required by Federal regulations to obtain contracts from utility companies when the estimated cost of services exceeds \$50,000. However, due to the nature of the utility industry, a written contract generally does not result in more advantageous prices and terms. Many utility service rates are fixed by tariff pricing structures regulated by state public commissions. Whether or not a contract is negotiated, prices and terms are the same as those for other commercial customers obtaining similar utility services. When contracts exceed \$500,000, utility companies must also submit subcontracting plans for utilizing small and disadvantaged businesses to comply with the Small Business Act of 1978.

Many utility companies decline to enter into contracts with GSA. The FAR allows GSA contracting officers to use purchase orders in lieu of contracts to obtain services in such cases, since there is often only one service provider available. Nevertheless,

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the contracting officer must obtain signed statements from utility companies giving the reasons for refusal. Also, the contracting officer must maintain history files of pertinent documentation for the services involved, including estimated annual costs, rate schedules, and information on connection charges. Additional attempts to negotiate contracts must be made annually. When utility companies refuse to sign contracts, contracting officers must still expend administrative time and effort to satisfy the documentation requirements of the FAR.

During this reporting period, the OIG reviewed utility services contracting activities in one region to determine if GSA derived any benefits from its efforts to negotiate these contracts. About 75 percent of utility contracts in the region are with regulated sole source suppliers; 96 percent are under \$500,000.

We concluded that procurement personnel expend considerable time and effort complying with the FAR, with little benefit to the taxpayer. Recognizing GSA's past efforts, we recommended that the Agency again attempt to amend the FAR. Specifically, it should seek an exemption from the FAR requirement to contract for utility services when the estimated value of the services is projected to be less than \$500,000. We suggested this threshold since most of the contracting effort is expended on services below it, and, by using the \$500,000 limit, GSA avoids potential conflict with the objectives of the Small Business Act of 1978.

We believe that procurement officials should be allowed, at their discretion, to enter into utility service contracts when a better negotiating position would result in substantial savings or benefits. Otherwise, officials would accept and pay for utility services below the limit under the terms and conditions and at rates approved under tariff in the same manner as other utility customers.

The Acting Regional Administrator concurred with our August 22, 1996, report recommendation. The audit is still in the resolution process.

Employee Allegation Results in Conviction

On July 30, 1996, the foreman of a construction company was sentenced in U.S. District Court to 36 months probation for offering a bribe to a Federal official.

The conviction resulted from an investigation initiated after a GSA employee reported that the foreman of the construction company offered him a bribe of \$1,000. In return, the GSA employee was to assist the company in obtaining future Government contracts.

Debarment proceedings have been initiated on both the foreman and the company.

Program Fraud Civil Remedies Act

On August 16, 1996, a GSA computer forms company agreed in a settlement to pay the Government \$90,000 under the Program Fraud Civil Remedies Act. Under the Act, Federal agencies can institute administrative proceedings to recover damages and

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penalties from a person or entity that presents false claims or makes false statements to the Government. Agencies can recover twice the amount of damages to the Government and penalties of up to \$5,000 per violation.

The OIG initiated actions under the Act after a GSA quality assurance specialist reported that the company might not be testing its paper products before delivery. Under the contract terms, the company was to ensure that quality control tests were performed on each lot of paper before shipment to GSA. We found that the company shipped paper which had not been tested, and prepared and submitted false test certifications for these paper products.

Reviews of GSA Programs

GSA is a central management agency that sets Federal policy in such areas as Federal procurement, real property management, and telecommunications. GSA also manages diversified Government operations involving buildings management, supply facilities, real and personal property disposal and sales, data processing, and motor vehicle and travel management. In addition, GSA manages 197 accounting funds and provides cross-servicing support for client agencies. Our audits examine the efficiency, effectiveness, and integrity of GSA programs and operations and result in reports to management. Our internal audits program is designed to facilitate management's evaluation and improvement of control systems by identifying areas of vulnerability and providing informational and advisory services.

Significant OIG Accomplishments

Benchmarking GSA'S Customer Supply Center

Since 1982, the GSA has operated the Customer Supply Center (CSC) program as a means of quickly filling agencies' orders for business items, primarily office supplies and paper products. Today, 11 CSCs offer up to 12,000 items. Sales in FY 1995 were about \$250 million.

This period, we issued an advisory report to management conveying the results of our "best practices" review of public and private entities operating supply systems similar to the CSCs. In order to identify business practices for GSA's consideration and possible adoption, the OIG auditors used "benchmarking" techniques, to compare industry's best practices with GSA's, looking for ways to enhance programs, improve customer service, and reduce costs.

While private sector vendors use some of the same procedures as the CSCs to minimize costs and maximize customer satisfaction, they also differed in several interesting respects in procurement, warehousing, pricing, and customer service practices. Vendors indicated that these practices have enabled them to lower costs, offer more products, expedite delivery, and enhance customer satisfaction. For example:

Procurement: Private vendors carry a limited number of brand names which customers prefer. In addition, private vendors make emergency purchases from wholesalers when they deplete their inventory; buy items which only sell in low quantities from wholesalers as needed; and order small quantities to reduce warehousing costs and investment in inventory, while still negotiating favorable pricing and delivery terms.

Warehousing: Private vendors typically have many small warehouses located near customers, wholesalers, and carriers which speed up delivery and decrease transportation costs. The warehouses are more mechanized than GSA's and top selling items are stored in a consolidated area for easy access. Vendors obtain inventory directly from suppliers, negotiating short lead times and favorable prices based on annual purchasing volume.

Pricing: Private vendors tailor their prices to individual customers based on the volume of business, size of orders, customer location, and level of service. Each customer account bears its true cost and reaps the benefits of cost-lowering practices.

Reviews of GSA Programs

Customer Service: Vendors have enhanced marketing efforts and take extra steps to avoid rejecting customer orders; notifying customers of alternatives to satisfy their needs, thereby maintaining goodwill.

Because the review was advisory in nature, the September 27, 1996 report does not contain formal recommendations.

Federal Operations Review Model Activities

This period the OIG completed its review of the results of the Agency's Federal Operations Review Model (FORM) process, a multi-step analysis to determine the most efficient and cost-effective means to deliver GSA's major business line services. As highlighted in our previous Semiannual Report, GSA conducted financial analyses to identify and initially rank possible alternatives for delivering services, and the OIG served as ex-officio advisors for each of the business line evaluation teams. Upon completion of the team evaluations, the OIG also independently determined whether the results provided a reasonable, supported, and unbiased methodology for developing delivery options to provide services at the lowest cost to the taxpayer.

We believe the FORM process has been instrumental in improving the delivery and reducing the cost of GSA's services. We issued two audit reports this period addressing the results of the FORM analysis process for the Supply/Procurement and the Information Technology Integration business lines. Like the audits performed during previous semiannual periods, we reported that the business line evaluations should not be relied upon for determining which options would result in the lowest cost to the taxpayer because best cost data is needed for comparing competing delivery options.

- **Supply/Procurement Business Line**

Our OIG report concluded that benchmarking factors used for comparing business line activities with private sector or other Federal operations were not necessarily comparable or were based upon a limited number of benchmarking partners. We also questioned the application of some benchmarking factors:

- When computing business line cost alternatives, one evaluation team applied the "best in class" benchmarking factors that were provided by the Agency's private sector consultant. Our review disclosed that none of the benchmarking partners were "best in class" in all categories and some partners did not provide benchmarking data in all classes. Accordingly, GSA was comparing itself to a hypothetical case entity, composed of the best elements of benchmarked firms.
- The FORM cited a benchmark for outbound transportation costs based upon a private sector company that shipped from distribution centers to retail outlets. Our review noted that this benchmark was not fully comparable to GSA distribution center operations that make both small parcel shipments to end users as well as large shipments to other storage facilities.

Reviews of GSA Programs

- **Information Technology Integration Business Line**

The FORM report did not present a reasonably supported basis for developing options that will result in the lowest cost to the taxpayer. Questions were raised with the information underlying benchmarking criteria upon which comparisons were made between current operations and alternatives considered by the FORM team. For example, one evaluation team applied a timeliness benchmark factor based upon the award of delivery orders within 30 calendar days. Our review revealed that this benchmark factor was based upon a process goal in lieu of actual performance and did not take into consideration the level of effort required to award orders within the designated timeframe.

The OIG report, while agreeing with the leveraging concept (benefit to be derived as a result of instituting an alternative), questioned the reasoning used to assign the dollar values as measurements of such benefits under various delivery options. For example, the value leverage calculation for assessing one delivery option was based on a premise which required hiring additional personnel. This would be inconsistent with the FORM process where options provide the same level of services for comparative purposes. In addition, our report cautioned the extent to which in depth analyses were performed to arrive at team conclusions.

As noted above, we believe the FORM process, to include the reviews completed this period, has been instrumental in improving the delivery and reducing the cost of GSA's services. The development of cost data for competing delivery options has revealed a need for better management information on actual program costs, and has shown that additional analyses are needed before decisions can be reached about which delivery options provide the best value for the taxpayer. As GSA moves forward toward implementation of selected alternatives, the OIG plans to continue its efforts to assist Agency management while safeguarding the interests of the Federal taxpayer.

GSA Buyouts

Under authority of the Federal Workforce Restructuring Act of 1994 (the Act), GSA's Administrator offered two rounds of voluntary separation incentive payments (buyouts) to all permanent GSA employees. The intent was to reduce the size of the Federal workforce and avoid or minimize the need for reductions-in-force and other types of involuntary separations. About 4,100 GSA employees accepted buyouts, with 2,400 opting to separate by December 31, 1994 under the first offering, and the remainder leaving by March 31, 1997.

Our office conducted two reviews addressing the impact these buyouts may have on the Agency. The first review assessed GSA's ability to fill vacancies created by the buyouts at the GS-14 level and above in Central Office activities. The second review evaluated GSA's implementation of the Act and its restrictions on reemployment of buyout recipients.

- **Ability to Fill Vacancies**

Our audit assessed the Agency's plan to minimize the impact of the loss of expertise, leadership, and institutional experience by the departure of key personnel over a relatively short time period. We looked at the experience and

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educational level of the pool of potential successors to the Central Office GS-14s and above accepting the buyout.

We reported that, in spite of the pending loss of senior personnel, GSA will still have the leadership and expertise necessary to provide program direction to accomplish its missions. GSA organizations losing large numbers of employees had initiatives to address the loss, ranging from major reorganizations to redefining the role of the Central Office in policy making and service delivery. Considering these initiatives and the experienced and educated employees available in the remaining headquarters workforce, we believe GSA's programs can be effectively managed in the foreseeable future.

Only one Central Office organizational component caused some concern. The Federal Protective Service will lose most of its headquarters management staff at the end of 1996. In light of the increased protection and security needs identified for Government facilities in the past year, GSA cannot afford to have any major disruption in management continuity. We noted that actions have been initiated to fill key vacant, or soon to be vacated, positions.

Our report concluded that as long as the Federal Protective Service replaces key personnel in a timely manner, the transition process should proceed with little disruption in protection and security. Accordingly, our July 8, 1996 report did not contain any recommendations.

- **Reemployment of Buyout Recipients**

The Act prohibits buyout recipients from returning to work as either Federal employees or under personal services contracts with the Federal Government for 5 years after their separation date, unless they repay the buyout. A personal services contract exists when contractor personnel are subject to relatively continuous supervision and control of a Federal employee by the contract's terms or the manner in which the contract performance is managed. Agencies are also required to perform cost comparisons before contracting out work formerly performed by buyout recipients, to see if the arrangement is financially advantageous for the Government.

While we found no GSA buyout recipients returning as Federal employees, we identified 39 former Federal employees who had returned to work under contracts awarded by GSA. Although most employees returned under allowable contracts, 10 have returned under contracts that are being managed, in effect, as personal services contracts. This situation appears to have occurred due to a lack of clarifying policies and procedures. With staffing on the decline, GSA program offices will have to either reduce program services or outsource work to maintain workload, or both. Increased outsourcing heightens the risk of buyout recipients returning under prohibited situations.

We also found that GSA needs to ensure that required cost comparisons are completed, as outlined in Office of Management and Budget implementing guidance. Such cost comparisons must demonstrate that converting the work previously done by buyout employees to service contracts would be to the financial advantage of the Government. Program managers stated that the contracts

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need to be used to fill gaps in critical mission areas, with or without performing cost comparisons. We recognize that managers may need to contract out some tasks to maintain essential services, but adequate cost comparisons are required to ensure that GSA complies with the Act.

The September 30, 1996 report recommended that the Associate Administrator for Management Services and Human Resources, with the assistance of the Office of General Counsel and other appropriate offices:

- Take necessary actions to ensure that perceived personal services contracts are managed instead as non-personal services contracts; and
- Clarify policies and procedures for implementing the Act and distribute the guidance to employees scheduled to leave under the buyout program, contracting officers, and program managers.

The Associate Administrator generally agreed with our recommendations. The audit is still in the resolution process.

Technology and Information Systems

GSA'S Chief Information Officer (CIO) coordinates the Agency's internal information technology activities. The CIO provides Agencywide leadership, direction, and enabling technology for using information resources. Three OIG reports addressed topics pertinent to this arena during this semiannual reporting period. These reports demonstrate where GSA may be at risk and stress the importance of: defining, planning, and coordinating procurement of new information systems; assessing and converting systems for the year 2000 date change; and preventing misuse of licensed software by GSA employees.

- **PBS Information Systems Strategy**

Since 1972, GSA has used a contractor to provide and operate an information system to assist the Public Buildings Service (PBS) in managing its operations. While the system has served its purpose in tracking massive amounts of real estate and project data, it has become functionally obsolete, adversely affecting PBS's ability to operate effectively in the modern business environment.

Over the years, GSA has initiated and terminated several efforts to replace its contractor-based system. In October 1993, PBS announced that its efforts would be redirected from modernizing current systems to using commercial off-the-shelf (COTS) software wherever possible to meet its information needs. Costs have so far totalled about \$7 million, and are projected to exceed \$70 million by the year 2000.

The OIG review found that while PBS has taken positive steps to initiate a modern open systems environment to address its information technology needs, it has not developed a sufficient plan for implementing its COTS strategy.

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Specifically, we determined that PBS has not:

- Fully defined its information systems requirements for the business lines, PBS, and the Agency as a whole.
- Pursued consistent information technology solutions and may end up with overlapping, incompatible systems.
- Adequately planned for the transfer of data that needs to be shared among different business lines since any software acquired will likely require modification and, once modified, may be more difficult to integrate with other software packages.

Additionally, the PBS CIO has prescribed standards and guidelines in areas such as the evaluation of COTS software, systems development, and technical standards. However, the standards and guidelines are not always followed, nor are they enforced.

Our September 30, 1996 report recommended that the PBS Commissioner:

- Designate a senior PBS official to assume overall authority, responsibility, and accountability for the development and implementation of an information technology plan for PBS; and
- Ensure that current pilot systems and planned software initiatives are not duplicated and incompatible, and that comprehensive plans are developed for users to share data.

The PBS Commissioner concurred with our recommendations. The audit is still in the resolution process.

- **Conversion of Computer Systems for the Year 2000**

With the year 2000 fast approaching, computer industry officials are expressing concerns over whether computer systems will operate correctly with the new date. Many computer systems were developed years ago, when it was believed that systems would be replaced before 2000 and the new date would not be a concern. These systems assume all dates are in the 1900s and only use the last two digits of the year to make calculations. When the calendar changes to 2000, these calculations may be inaccurate or systems may not correctly recognize the new date and be able to correctly process transactions. GSA relies on a number of computer systems and applications, some of which are older and use 2-digit years.

An OIG review showed that GSA has begun to focus management attention on analyzing and converting computer systems for the year 2000, but its planning is inadequate to ensure that all GSA systems are analyzed and converted in a timely and cost-effective manner. GSA is not using the structured planning approaches recommended by computer experts and has not: developed complete inventories of computer systems and software to use as a basis for their planning; tested systems before identifying them as operable in the year 2000; and developed

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contingency plans for managing and operating systems in the event that analysis and conversion efforts are not completed in time.

GSA's efforts are also hampered by a lack of centralized management and communication. GSA's Information Technology Council delegated authority for analysis and conversion of systems to the individual Services and Staff Offices, but did not establish a central management structure to manage and coordinate the efforts. Without a structured planning approach, GSA may not be able to provide important services to customers. If not operating properly, GSA's computer systems could cost the taxpayers interest on late payments, result in unidentified vendor overcharges, or generate erroneous management information.

Our report points out that GSA needs to act now because time and staff available for analysis and conversion are decreasing and contractor costs are escalating. GSA must plan all conversion efforts, analyze all systems code, convert all faulty dates, and perform all testing by January 1, 1999 so that systems may be run a full year to ensure that they are operating correctly.

GSA has never attempted to perform such an amount of work in this short timeframe and it will be difficult. Furthermore, the number of in-house computer staff who could perform this work has decreased almost one-fourth since 1993 due to buyouts and attrition. With fewer computer staff available, GSA may need to contract-out for assistance in analyzing and converting systems. However, because of increased demand, the cost of contractor services is expected to escalate about 50 percent per year. Also, with an estimated 20 million lines of code to review at the current cost of about \$1.00 per line, GSA's contractor costs would now be about \$20 million; within another year, costs could increase an additional \$10 million.

The September 27, 1996 report recommended that the CIO:

- Provide overall management and monitoring of GSA's conversion plans to ensure they are accomplished in a timely and cost-effective manner; and
- Establish a process for GSA Offices to share information on analysis and conversion methodologies and solutions.

The CIO generally agreed with the recommendations in the audit report. The audit is still in the resolution process.

- **Managing Software Licenses**

An OIG review revealed that GSA had not issued guidance on the management of licensed software within the Agency. With the ease of copying software and the common misconceptions regarding copyrights and licensing, GSA faces significant risk if employees install unauthorized software on Government personal computers or copy authorized software for unauthorized use. Agency employees could unknowingly or intentionally infringe on copyrights, exposing the Agency to potential civil or criminal penalties as high as \$100,000 or \$250,000 per infringement, respectively. Consequently, we focused our audit to address the need for guidance.

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Our September 18, 1996 report recommended that the CIO adopt software industry guidelines to reduce the risk of software copyright infringement. Specifically, GSA should issue a policy statement on the use of licensed software and require each employee to acknowledge, in writing, an understanding of that policy. Management could effectively communicate specific software policy through the annual ethics training. In addition, we recommended that the CIO issue guidance establishing accountability for software, requirements for software documentation, and procedures for monitoring software used on GSA's personal computers.

Management agreed with the recommendations and is taking action to address the issues. The audit is still in the resolution process.

Security Clearances and Background Checks

The security of Federal property, personnel, and information continues to be of critical interest to the Congress, Government employees, and the public. Executive Orders and the Office of Personnel Management provide guidance for assessing positions in terms of risk to national security and public trust, and the associated security clearance and background investigations needed. As such, many prospective Federal employees undergo suitability and background checks. GSA also requires background checks for most service contract employees working in Federally-controlled buildings. The OIG, in its continuous efforts to ensure a safe working environment, performed two additional reviews addressing security clearance and background issues.

- **Evaluating Position Sensitivity and Risk**

Employees having access to classified information and public trust positions must undergo suitability and background checks prior to being hired. Further, once hired, employees having security clearances require periodic background investigations. The investigative requirements are more intensive, costly, and time consuming for high risk and sensitivity positions.

Our review determined that GSA could save money and simplify the personnel security program by reducing the clearance levels for a number of positions. Additionally, the Agency could improve its security program accountability by consolidating record keeping and by storing classified materials in one place. This would allow managers to ensure proper access and possibly reduce the number of security clearances needed to handle classified material.

The September 27, 1996 report recommended that one region:

- Review selective position titles and consider lowering security clearances; and
- Consolidate security clearance records and store classified material in one location.

The Regional Administrator generally agreed with the recommendations in the report. The audit is still in the resolution process.

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- **Background Checks on Contractor Personnel**

In order to protect the safety of Government employees and property, GSA requires background checks on contractor employees performing janitorial, guard, and maintenance services in Federally controlled buildings. GSA service contracts generally require contractors to submit a personal background history and fingerprint card for each of their employees prior to the employee starting to work, or within a minimal number of days before the beginning of a new contract, and to renew the information every 3 years.

This period, an OIG audit revealed that the time required to process the background checks was quite lengthy, due in part to large backlogs of documentation and a shortage of personnel to process the paperwork. Numerous cases were cited where contractor employees were working in Federal buildings without initial, or with expired, background checks. Management oversight was insufficient to assure that background checks were being performed and updated as required.

Our audit also found that GSA did not always control the preparation and issuance of building passes and identification badges for contractor employees. At some locations, the contractor was responsible for issuing identification badges and building passes. Under such circumstances, GSA had no assurance that only authorized personnel were obtaining and retaining the contractor's identification badges for access to Federal buildings.

Further, the report noted that GSA does not require background checks for service contracts under \$100,000, nor does GSA ensure that background checks are included in service contracts awarded by tenant agencies in buildings where GSA has delegated operations.

In light of increasing security concerns for Federal buildings, current GSA policies and practices should be reevaluated and modified to maximize the effectiveness of the background check program for service contractor employees. The OIG recommended that reasonable time frames be established for each stage of the background check process; monitoring and oversight procedures be strengthened to ensure that required background checks for contractor employees are obtained; and Agency officials keep better controls over the preparation, issuance, and retraction of building passes and identification badges for contractor employees.

The report, dated August 27, 1996, is still in the resolution process.

Transfer and Donation of Hovercraft Vehicles

In October 1994, GSA transferred 26 Lighter Air Cushion Amphibious Vehicles-30 (LACV-30), also known as hovercraft, to the Alaska State Agency for Surplus Property (SASP). The SASP subsequently donated 14 operational LACV-30s to an Alaska Native Regional Corporation (the Corporation). The Corporation obtained the hovercraft to promote "economic development," which is defined by the Federal Property Management Regulations (FPMR) to be the long-term economic growth of the public served by the public agency. After receiving written allegations raising

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serious concerns about the transaction, the OIG initiated a review of the transfer and donation of the vessels.

A wholly-owned subsidiary of the Corporation entered into a Joint Venture Agreement (Agreement) with two commercial firms as a for-profit organization to operate and maintain the hovercraft for the Corporation. We examined the entire transaction and reported several concerns. Although the Corporation qualified as an eligible donee for the surplus hovercraft, the other two parties to the Agreement are not eligible donees of Federal property. Yet, two-thirds of the profits generated from the hovercraft operations were assigned to the non-eligible donees. The FPMR indicates that donated property is not intended for gaining a profit. Accordingly, our report recommended that GSA reassess the Agreement to ensure conformance to the FPMR.

We also determined that only one of the hovercraft had been employed for its intended purposes; oil spill response, air-sea rescue efforts, delivery of goods and mail, and ferry services. The remaining 13 have been employed as demonstration vessels, to promote hovercraft as a viable transportation alternative. While this use conforms with intended purposes stated in the conditional transfer documents executed by the Corporation and the SASP, we questioned that prolonged use of hovercraft for demonstrations fulfills the terms of utilization restrictions imposed on the donated property. The FPMR requires that, if the donated property has not been put to use within one year of the signed conditional transfer document, the property must be returned to the SASP for transfer to another eligible donee or back to the Federal Government. Recognizing the Corporation's attempt to develop a hovercraft industry, the OIG recommended that the conditional transfer document be revised to more accurately reflect the long-term intended use of the vessels so that utilization compliance restrictions can be enforced.

Finally, our September 5, 1996 report points out the need for more rigorous inspections and control over parts and equipment removed from non-operational hovercraft as well as excess surplus equipment and parts transferred to the Corporation by the Department of Defense. The cannibalized hovercraft had a total acquisition value of \$48 million, while the surplus parts donated by the Department of Defense had an estimated acquisition value of \$14 million.

In response to the report, GSA management stated that the SASP has been requested to review the intended uses of the vessels, and if necessary, take action to ensure that the vessels are placed into approved use or returned by the donee.

The audit is still in the resolution process.

Sale of U.S. Custom House

The United States Custom House, originally built in 1847, became Boston's first skyscraper with the completion of a tower in 1915. It was used as a Federal office building until 1986 when the GSA declared the historic building to be surplus property. The following year, the City of Boston (the City) purchased the building from GSA for \$11 million, paying \$1.1 million at closing and obtaining a 10 year mortgage at 11 percent interest from GSA. The mortgage required quarterly payments

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of interest only for the first 5 years, with quarterly payments of interest and principal to be made over the final 5 years of the note. In April 1991, after making 13 quarterly interest payments, the City defaulted on the loan.

After prolonged negotiations, GSA and the City agreed in May 1994 to restructure the debt. The agreement provided the City very favorable terms compared to the original mortgage. The new agreement called for periodic payments of interest at 4 percent over a 30 year term, with a lump sum payment of \$9.9 million in principal plus \$3.54 million in unpaid interest from the original debt instrument to be paid after 30 years. Additionally, the new agreement forgave \$361,010 for penalty payments assessed on default of the original note. In 1995, the City proposed to settle the debt for a cash buyout, and in January 1996, GSA and the City agreed to close out the debt for just over \$6 million.

We performed an audit to determine whether the unusual circumstances underlying the original sale of the building to the City and the related refinancing of debt were accomplished within applicable laws and regulations. The audit included reviews of sale documentation, Federal laws and regulations, and Agency policies and procedures that govern the disposal of real property. Debt restructuring activities were examined and discussed with the GSA Office of General Counsel.

Our audit noted that the sale was a departure from the Agency's general policy of selling surplus real property for cash. GSA had assumed the role of creditor and accepted a minimum down payment, in order to accommodate the City. As a result of this non-standard method of sale, GSA subsequently bore the administrative cost of the City's default and the ultimate restructuring of the debt.

Additionally, our report questioned GSA's waiver of the \$361,010 for penalty payments, and its compromise of the original debt by non-assessment of additional interest on the previously unpaid interest of \$3.54 million and of the \$9.9 million included in the restructuring agreement. The report pointed out that because GSA compromised more than \$100,000 in debt, the Agency exceeded its legal authority permitted by the Federal Claims Collection Act. This Act limits an agency's right to compromise debts to \$100,000. The authority to compromise interest, penalties, and administrative cost in excess of this limit rests solely with the Department of Justice.

The circumstances of this sale raised our concerns about the adequacy of GSA policies and management controls over the disposal of surplus real property. We recommended that GSA refine its policies and procedures for the sale of surplus property where credit is extended; and cautioned that GSA should not participate as a lender institution in the disposal of real property. Our report also recommended that, given that GSA exceeded its legal authority to compromise debts owed the United States when restructuring the City's debt, this was a reportable matter under the Federal Managers' Financial Integrity Act.

GSA management did not agree with the findings and recommendations presented in our report, maintaining that our conclusions were based on an incorrect interpretation of the statutory and regulatory framework governing the disposal of real property. Citing the Federal Property and Administrative Services Act of 1949, management contended that the GSA Administrator has the authority to sell surplus real property on

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credit terms, and to administer and manage the credit as deemed to be in the best interest of the United States.

The OIG considered the Agency's response in detail, but made no changes to the audit findings and recommendations as presented in the report. The July 15, 1996 audit report is still in the resolution process.

Resource Management and Utilization

During this semiannual period, the OIG performed two reviews addressing areas pertinent to the judicious management and utilization of resources within GSA. This is a primary consideration for all agencies at this time because of the reductions in personnel and funding levels. These reports pointed out the importance of processing cash receipts promptly, and assuring open obligations are validated efficiently.

- **Cash Deposits to the Treasury**

In FY 1995, Federal agencies paid more than \$1 billion for GSA services, primarily for rent and outlease collections, automatic data processing and telephone charges, and utility and reimbursable work authorizations. These payments, which are considered cash deposits, were in the form of currency, commercial and Treasury checks, wire transfers, and credit card transactions. Prompt processing of receipts is one of GSA's primary goals for effective cash management.

We found that deposit processing procedures provide adequate internal controls to reasonably ensure the safeguarding of cash deposits, and that checks are being deposited with Treasury promptly. However, 97 percent of the over \$1 billion in payments to GSA was made via Treasury check rather than the much more timely and less costly electronic funds transfer process. With GSA's encouragement, agencies are increasing the number of electronic payments. GSA is also successfully promoting Treasury's electronic payment process, the Vendor Express Program, despite the private sector's apparent reluctance to use it.

The April 2, 1996 report contained no recommendations.

- **Validating Open Obligations**

By law, as part of the Agency's annual appropriation request, the Administrator of GSA is required to certify the validity of recorded obligations for payment of goods, services, and other transactions. The Administrator bases his certification on reviews, coordinated by GSA's Finance Divisions, of unpaid obligations as of March and June of each year. GSA's program offices determine whether individual transactions are valid or should be eliminated from the Agency's financial records, and provide validated listings to update the accounting records.

We concluded that significant efficiencies can be realized by streamlining the validation process, as follows:

- Eliminate the March validation review since very few items are being cleared; and

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- Use statistical sampling techniques to substantially reduce the number of items to be validated in June.

Our review also revealed that GSA has significantly overestimated unpaid real estate tax obligations for leased commercial property over the last few years because of its accrual policy. As a result, the tax obligations were overstated by \$4.9 million from FY 1990 through 1994. To free up millions of dollars that are earmarked for anticipated tax purposes, we recommended that GSA officials revise the procedures for estimating real estate taxes so accruals more closely match tax liabilities.

The Acting Regional Administrator concurred with our September 6, 1996 report recommendations. The audit is still in the resolution process.

Vehicle Sales Support Contractors

GSA recently began disposing of used Government vehicles through commercial auction houses. During FY 1995, contractors in one region sold about 4,700 vehicles at 43 auctions. Auction proceeds exceeded \$25 million, with overall selling expenses amounting to about \$1.3 million. The contractors are responsible for picking up vehicles, recommending repairs, running auction sales, collecting proceeds and wiring them to GSA, issuing transfer documents, and providing sales documentation.

Our review showed that management controls relating to vehicle sales support contractors are generally sufficient. However, more consistent and complete documentation of inspections, estimates, and authorizations could help to ensure contractor compliance in all phases of the sales process. Additionally, sale logs do not identify persons purchasing vehicles, thereby losing accountability over title certificates that are given to buyers of Government vehicles.

Our August 29, 1996 report recommended that regional management:

- Develop a standardized set of procedures covering contracted vehicle sales; and
- Instruct GSA personnel to maintain accountability over title certificates.

The Regional Administrator agreed with the recommendations in our report and initiated action. The report is still in the resolution process.

Prevention Activities

In addition to detecting problems in GSA operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency.

Significant Preaward Audits

The OIG's preaward audit program provides information to contracting officers for use in negotiating contracts. The predecisional, advisory nature of preaward audits distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the Government's negotiating position and realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward audits of 104 contracts with an estimated value of over \$2.1 billion. The audit reports contained over \$285 million in financial recommendations.

Multiple Award Schedule Contracts

This period, three of the more significant MAS contracts we audited had projected Governmentwide sales totaling \$787 million. Based on the audit findings, we recommended that over \$168 million in funds be put to better use.

The OIG evaluated discount schedule and marketing data submitted in response to GSA's solicitations for the purchase of office systems furniture and communications equipment. The audits disclosed common problems in the proposals. Companies were offering commercial customers better pricing than offered to GSA. The companies either did not disclose the full extent of higher discounts granted to other customers or did not provide adequate justification for not offering comparable discounts to GSA, even though GSA buys in similar quantities.

Other Contracts

During this period, we also performed audits on other contracts. Three of the more significant audits contained proposed prices totaling \$3.6 million, and recommended adjustments of more than \$3.3 million. In an audit of a claim for increased costs due to Government caused delays in the repair and upgrade of building energy systems, we advised the contracting officer that the contractor submitted overstated claims for labor, equipment, field office, and overhead costs. In an audit of a claim for building renovations, we advised the contracting officer that the contractor submitted overstated claims for management and supervision labor, labor inefficiencies, and proposed overhead costs. Finally, in an audit of a claim for increased costs resulting from lead abatement efforts, we advised the contracting officer that the contractor had overstated home office overhead costs and could not support its claim for lost productivity and supervision costs.

Integrity Awareness

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse, and to reinforce employees' roles in helping to ensure the integrity of Agency operations.

This period we presented 21 briefings attended by 704 regional employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies and

Prevention Activities

slides, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence.

Hotline

The OIG Hotline provides an avenue for concerned employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings, as well as brochures, encourage employees to use the Hotline.

During this reporting period, we received 2,473 Hotline calls and letters. Of these, 94 complaints warranted further GSA action, 19 warranted other Agency action, and 2,360 did not warrant action.

Advisory Lease Reviews

The OIG's program for reviewing leases prior to award provided frontend assurance that GSA was adhering to regulations and procedures before awarding selected leases exceeding established thresholds. These reviews, although advisory in nature, promoted opportunities for economy and efficiency in the leasing area, and the avoidance of problems before they occur.

This period, GSA initiated "Can't Beat GSA Leasing" to improve the responsiveness of GSA's \$2.3 billion leasing program. As a result, the OIG and the GSA Administrator agreed to discontinue specific advisory lease reviews so that GSA would have a free hand in reinventing the leasing process. The OIG will, of course, continue to share its expertise in the leasing area with GSA management as the reinvention process progresses.

Implementation Reviews

The OIG performs independent reviews of implementation actions, on a selected basis, to ensure that management's corrective actions in response to OIG recommendations are being accomplished according to established milestones. This period, the OIG performed six implementation reviews. In all six of the reviews, the recommendations were fully implemented.

Review of Legislation and Regulations

The Inspector General Act of 1978 requires the OIG to review existing and proposed legislation and regulations to determine their effect on the economy and efficiency of the Agency's programs and operations and on the prevention and detection of fraud and mismanagement.

During this period, the OIG reviewed 239 legislative matters and 15 proposed regulations and directives. The OIG provided significant comments on the following legislative item:

- *S. 1724, the Freedom from Government Competition Act.* We agreed with the concept of transferring functions currently performed by the Government to private sector contractors when it is cost-effective and feasible from a policy standpoint. However, we expressed our concerns that the proposed legislation would make a “sea change” in the manner in which Federal agencies operate, without any provision for adequate study regarding cost-effectiveness or continuity of Government policy and agency operations. We pointed out that merely transferring a function to the private sector does not make the performance of that function free of charge to the Government. To the contrary, performance of many currently Governmental functions by private interests may well be more expensive to the Government than maintaining these functions within the Government. We also noted that the legislation fails to consider that the Government has, over time, developed significant expertise in performing the functions necessary to its operations. If these functions were contracted out, there would necessarily be a significant “learning curve” each time a contractor performed a function for the Government.

In addition, the OIG provided significant comments on the following regulatory items:

- *General Services Acquisition Regulation (GSAR) Interim Rule Implementing the Truth in Negotiations Act (TINA) and Commercial Items Provisions of the Federal Acquisition Streamlining Act (FASA) and the Federal Acquisition Reform Act (FARA).* This revised interim rule would implement FASA and FARA within GSA's MAS program. As we commented in earlier versions of this interim GSAR, we supported the Agency's revisions to the information disclosure requirements as allowing flexibility in responding to MAS requirements. We also expressed strong support for the Agency's retention of the Most Favored Customer pricing policy. However, we also expressed our continuing concerns that GSA's restrictions on audit authority over pricing disclosures on MAS contracts was not mandated by law nor in keeping with standard commercial practice. We also pointed out that the audit scheme developed by GSA would likely increase the audit frequency of contractors and escalate routine MAS contract audits, unnecessarily, into fraud investigations. We further urged the Agency to retain the “current, accurate, and complete” standard used to judge the quality of information submitted, as well as the requirement that contractors certify that this standard has been achieved. Finally, we pointed out some discrepancies in the proposed definitions for “discounts” and “concessions.”

Review of Legislation and Regulations

- *Federal Acquisition Regulation (FAR) Case 96-308, Commercially Available Off-the-Shelf Items, Advance Notice of Proposed Rulemaking.* We provided comments to the FAR Council on FAR Case 96-308 which would implement section 4203 of the FARA. This statutory section would require the FAR Council to compile a list of provisions of law, which represent Government-unique requirements, from which contracts for commercially available off-the-shelf items will be exempt. We commented that it would be inappropriate to include TINA in the list of inapplicable laws. Specifically, we noted that TINA provides certain rights and procedures relating to information during contract negotiations for certain excepted commercial item contracts. For example, we noted that TINA provides affirmative authority for contracting officials to require information other than cost or pricing data in order to determine price reasonableness on such contracts, and that this authority enables the GSA to negotiate fair and reasonable prices for items under the MAS program. We also suggested several technical revisions to the proposed list of inapplicable statutes.
- *FAR Case 95-020, Allowability of Legal Defense Costs for Certain False Claims Act Actions.* We provided comments to the FAR Council on proposed FAR Case 95-020 which would amend the regulatory provisions relating to the allowability of legal defense costs in actions brought under the *qui tam* provisions of the civil False Claims Act. We noted our belief that the FAR currently provides that legal defense costs in declined *qui tam* actions, like other civil False Claims Act actions, are generally unallowable unless otherwise provided in a settlement agreement entered into by a defendant company and the U.S. Department of Justice. Therefore, we expressed our belief that the proposed FAR revisions were unnecessary.

Statistical Summary of OIG Accomplishments

Audit Reports Issued

The OIG issued 186 audit reports, including 4 audits performed for the OIG by another agency. The 186 reports contained financial recommendations totaling \$297,652,433, including \$285,849,766 in recommendations that funds be put to better use and \$11,802,667 in questioned costs. Due to GSA's mission of negotiating contracts for Governmentwide supplies and services, most of the recommended savings that funds be put to better use would be applicable to other Federal agencies.

Management Decisions on Audit Reports

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of September 30, 1996. Twenty one reports more than 6 months old were awaiting management decisions as of September 30, 1996; all of them were preaward audits which are not subject to the 6 month management decision requirement. Table 1 does not include two reports issued to another agency this period and 23 reports excluded from the management decision process because they pertain to ongoing investigations.

Table 1. Management Decisions on OIG Audits

	No. of Reports	Reports with Financial Recommendations	Total Financial Recommendations
For which no management decision had been made as of 4/1/96			
Less than 6 months old	82	66	\$138,358,065
More than 6 months old	30	28	10,067,826
Reports issued this period	183	108	296,754,041
TOTAL	295	202	\$445,179,932
For which a management decision was made during the reporting period			
Issued prior periods	91	75	\$141,377,115
Issued current period	118	63	117,604,601
TOTAL	209	138	\$258,981,716
For which no management decision had been made as of 9/30/96			
Less than 6 months old	65	45	\$179,149,440
More than 6 months old	21	19	7,048,776
TOTAL	86	64	\$186,198,216

Statistical Summary of OIG Accomplishments

Management Decisions on Audit Reports With Financial Recommendations

Tables 2 and 3 present the audits identified in Table 1 as containing financial recommendations by category (funds to be put to better use or questioned costs). Two reports contained recommendations that funds be put to better use as well as questioned costs, and these reports are therefore included in both tables 2 and 3.

Table 2. Management Decisions on OIG Audits with Recommendations that Funds be Put to Better Use

	No. of Reports	Financial Recommendations
For which no management decision had been made as of 4/1/96		
Less than 6 months old	59	\$136,983,648
More than 6 months old	28	10,067,826
Reports issued this period	<u>77</u>	<u>284,951,374</u>
TOTAL	164	\$432,002,848
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
• management action	—	\$249,026,407
• legislative action	—	—
Recommendations not agreed to by management	<u>—</u>	<u>2,286,667</u>
TOTAL	111	\$251,313,074
For which no management decision had been made as of 9/30/96		
Less than 6 months old	34	\$173,640,998
More than 6 months old	<u>19</u>	<u>7,048,776</u>
TOTAL	53	\$180,689,774

Statistical Summary of OIG Accomplishments

Table 3. Management Decisions on OIG Audits with Questioned Costs

	<u>No. of Reports</u>	<u>Questioned Costs</u>	<u>Unsupported Costs</u>
For which no management decision had been made as of 4/1/96			
Less than 6 months old	8	\$ 1,374,417	\$ —
More than 6 months old	0	0	—
Reports issued this period	<u>32</u>	<u>11,802,667</u>	<u>—</u>
TOTAL	40	\$ 13,177,084	\$ —
For which a management decision was made during the reporting period			
Disallowed costs	—	\$ 7,969,880 *	\$ —
Costs not disallowed	—	253,689	—
TOTAL	29	\$ 8,223,569 **	\$ —
For which no management decision had been made as of 9/30/96			
Less than 6 months old	11	\$ 5,508,442	\$ —
More than 6 months old	0	0	—
TOTAL	11	\$ 5,508,442	\$ —

* \$910,012 of this amount was recovered in civil settlements, as reported in Table 5.

** Includes \$554,927 that management decided to seek that exceeded recommended amounts.

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 186 investigative cases and closed 230 cases during this period. In addition, the OIG received and evaluated 101 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

Referrals

The OIG makes criminal referrals to the Department of Justice or other authorities for prosecutive consideration and civil referrals to the Civil Division of the Department of Justice or U.S. Attorneys for litigative consideration. The OIG also makes administrative referrals to GSA officials on certain cases disclosing wrongdoing on the part of GSA employees, contractors, or private individuals doing business with the Government.

Table 4. Summary of OIG Referrals

Type of Referral	Cases	Subjects
Criminal	26	46
Civil	5	6
Administrative	108	200
TOTAL	139	252

In addition, the OIG made 11 referrals to other Federal activities for further investigation or other action and 67 referrals to GSA officials for informational purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 18 cases (33 subjects) were accepted for criminal prosecution and 2 cases (2 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 17 indictments/informations and 20 successful prosecutions. OIG civil referrals resulted in 2 cases being accepted for civil action and 10 case settlements. Based on OIG administrative referrals, management debarred 27 contractors, suspended 72 contractors, and took 8 personnel actions against employees.

Statistical Summary of OIG Accomplishments

Monetary Results

Table 5 presents the amounts of fines, penalties, settlements, judgments, and restitutions payable to the U.S. Government as a result of criminal and civil actions arising from OIG referrals.

In addition, the OIG identified for recovery \$830,945 in money and/or property during the course of its investigations.

Table 5. Criminal and Civil Recoveries

	<u>Criminal</u>	<u>Civil</u>
Fines and Penalties	\$120,785	\$ —
Settlements or Judgments	—	12,156,040*
Restitutions	12,575	—
TOTAL	\$133,360	\$12,156,040

* This amount includes \$910,012 reportable pursuant to section 5(a)(8) of the Inspector General Act as management decisions to disallow costs. See Table 3.

APPENDICES

Appendix I – Significant Audits From Prior Reports

Under the Agency's audit management decision process, GSA's Office of Management Services and Human Resources, Office of Management Controls and Evaluation, is responsible for tracking implementation of audit recommendations after a management decision has been reached. That office furnished the following status information.

Seventeen audits highlighted in prior Reports to the Congress have not yet been fully implemented; all are being implemented in accordance with currently established milestones.

Purchase of Telecommunications Services

Period First Reported: October 1, 1995 to March 31, 1996

The review advised management of opportunities to better serve telecommunications customers. The report contained six recommendations; one has been implemented.

The recommendations involve reviewing both the Purchase of Telecommunications Services (POTS) and MAS schedule programs, calculating a new surcharge rate based on 5-year historical sales, and ensuring that training is provided on the POTS Management Information System. They are scheduled for completion by various dates between December 15, 1996 and June 15, 1997.

Stock Program Management Information System

Period First Reported: October 1, 1995 to March 31, 1996

The review identified opportunities for improvement in the accuracy and reliability of information provided to stock program managers. The report contained four recommendations; none have been implemented.

The recommendations include improvements in the accuracy and reliability of data, the evaluation of computer programs, and the continued development of an information system. They are scheduled for completion by various dates between March 15 and November 15, 1997.

Background Checks of Child Care Center Employees

Period First Reported: October 1, 1995 to March 31, 1996

The review focused on GSA's practices over criminal history background checks for child care center employees. The report

contained two recommendations; neither has been implemented.

The recommendations include promulgating policies and guidelines covering the clearance process and ensuring compliance with Public Law 101-647. They are scheduled for completion by December 15, 1996.

Aircraft Management

Period First Reported: October 1, 1995 to March 31, 1996

The review identified opportunities for improvement in GSA's program for assisting civilian agencies with the management and cost effectiveness of their aircraft operations. The report contained five recommendations; none have been implemented.

Two of the recommendations involve obtaining the necessary resources to accomplish program initiatives. They are scheduled for completion by April 15, 1997. Another recommendation involves the development of a logistics system; it is scheduled for completion by December 15, 1996. One recommendation concerns the identification of aircraft data necessary for making informed decisions and is scheduled for completion by October 15, 1997. The final recommendation consists of ensuring the reliance of data. It is scheduled for completion by October 15, 1996.

Value Engineering

Period First Reported: October 1, 1995 to March 31, 1996

The review identified opportunities for more effective usage of value engineering in GSA. The report contained one recommendation; it has not yet been implemented.

The recommendation involves GSA's Office of Acquisition Policy assuming a leadership role in GSA's use of value engineering. It is scheduled for completion by April 15, 1997.

Federal Telecommunications Service - Verification of Billings

Period First Reported: October 1, 1995 to March 31, 1996

The review focused on the verification of usage and related charges. The report contained three recommendations; one has been implemented.

One recommendation includes the implementation of draft regulations for performing verifications of the call detail report.

Appendix I – Significant Audits From Prior Reports

It is scheduled for completion by April 15, 1997. Another recommendation requires revision to the draft regulations to recognize shared responsibility among GSA managers for verifying the validity and purpose of long distance calls. It is to be completed by January 15, 1997.

Federal Telecommunications Service - Telecommunications Charges

Period First Reported: October 1, 1995 to March 31, 1996

The review focused on disputed service order charges with one vendor and the procedures in place to handle such disputes. The report contained five recommendations; four have been implemented.

The remaining recommendation involves the establishment of a process for settling backlogged disputed charges. It is scheduled for completion by November 15, 1996.

Buildings Operations and Maintenance Services

Period First Reported: April 1, 1995 to September 30, 1995

The review identified opportunities for improvement in GSA's process for performing space alterations. The report contained six recommendations; one has been implemented.

The recommendations include the development of expedited procedures and simplified forms, and improvements in project oversight and communication with customer agencies. They are scheduled for completion by December 15, 1996.

Construction Projects

Period First Reported: April 1, 1995 to September 30, 1995

The report identified opportunities for improvement in the bidding and contracting practices of major GSA construction projects. The report contained eight recommendations; five have been implemented.

One of the remaining recommendations involves the development of policy and guidance regarding cash flow analysis and is scheduled for completion by October 15, 1996. Another recommendation involves the development of policy and guidance relating to source selection. It is scheduled for completion by January 15, 1997. The final recommendation,

involving an evaluation of the method used to establish rent for special purpose space, is scheduled for completion by October 15, 1997.

GSA's Fine Arts Program

Period First Reported: October 1, 1994 to March 31, 1995

The review focused on GSA's oversight of fine art located in Federal and non-Federal institutions. The report contained five recommendations; four have been implemented.

The remaining recommendation involves developing policy for the utilization of fine art in Federally controlled space and its acceptance and disposal. It is scheduled for completion by January 15, 1997.

Reimbursable Work Authorizations

Period First Reported: October 1, 1994 to March 31, 1995

The review identified opportunities for improvement in GSA's recovery of indirect costs related to the performance of reimbursable work authorizations (RWAs). The report contained two recommendations; one has been implemented.

The remaining recommendation involves the development of overhead rates to be applied to RWAs. It is scheduled for completion by October 15, 1996.

Real Estate Management

Period First Reported: April 1, 1994 to September 30, 1994

The review found that repair and alteration projects in one region could be more comprehensively planned and databases more accurately maintained. The report contained ten recommendations; nine have been implemented.

The one remaining recommendation, involving the validation of work items listed in the database, is scheduled for completion by August 31, 1997.

Maintenance Control Center Operations

Period First Reported: April 1, 1994 to September 30, 1994

The review identified opportunities for improvement in the processing of invoices and the management of maintenance and repair data. The report contained five recommendations; one has been implemented.

Appendix I – Significant Audits From Prior Reports

Two of the remaining recommendations require revising a GSA order to permit use of credit cards for routine automotive maintenance and repairs and streamlining the operational structure. They are scheduled for completion by October 15, 1996. Another recommendation calls for establishing alternative payment procedures and is due for implementation by April 15, 1997. The final recommendation involves transferring service information from customer agencies and is scheduled for implementation by December 15, 1996.

Federal Protective Service

Period First Reported: October 1, 1993 to March 31, 1994

The review found that GSA needed to strengthen its control over firearms and improve internal security. The report contained 14 recommendations; 13 have been implemented.

The remaining recommendation involves making improvements to alarm systems. It is scheduled for completion by October 15, 1996.

Business Allocation

Period First Reported: October 1, 1993 to March 31, 1994

The review focused on GSA's administration of the 60 percent and 40 percent anticipated business allocation between two Federal Telecommunications Service contractors. The report contained two recommendations; one has been implemented.

The remaining recommendation involves GSA's determination of its future role in contractor revenue allocation and indicating

it in future proposals. Completion has been revised and is now scheduled by January 15, 1997.

Employee Benefit Programs

Period First Reported: October 1, 1992 to March 31, 1993

This review found that the processing of health benefit insurance transactions needed improvement. The report contained two recommendations; one has been implemented.

The remaining recommendation required a determination whether it would be cost beneficial to recover health benefit insurance contributions for prior years and to take appropriate action based on that determination. While all pertinent actions have been taken on this recommendation, it remains open until all recovery actions are completed.

Contract Workload Management

Period First Reported: April 1, 1992 to September 30, 1992

This review revealed the need to develop a strategy for addressing procurement workload concerns. The report contained one recommendation; it has not yet been implemented.

This recommendation involves establishing a working group to develop a system for addressing identified issues and to give attention to the MAS program concerns. It is scheduled for completion by November 15, 1996.

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
<i>(Note: Due to the pre-decisional nature of some audits, the financial recommendations pertaining to these reports are not listed in this Appendix)</i>				
PBS	INTERNAL AUDITS			
04/19/96	A63021	Preaward Lease Review: Mercury Building, 1925 K Street, NW, Washington, D.C., Lease Number GS-11B-60301		
05/28/96	A60642	Review of 1994 & 1995 Renewal Rental Costs, 6 World Trade Center, Lease Number GS-02B-15370		
06/27/96	A62462	Postaward Lease Audit: 234 North Central, Phoenix, Arizona, Pacific Rim Region		\$21,947
07/03/96	A63014	Audit of the Award of Contracts for Appraisal Services in the National Capitol Region		
07/15/96	A40322	Report on Audit of the Sale of United States Custom House to the City of Boston and the Restructuring of Debt		
07/16/96	A60636	Final Report on the Review of the Buffalo, New York Buildings Management Field Office, Region 2		
07/19/96	A60625	Postaward Lease Review: Internal Revenue Service, 1133 Avenue of the Americas, New York, New York 10036, Lease Number GS-02B-22680		
07/26/96	A60920	Survey Report on the Assignment and Utilization of Space, Mid-Atlantic Region		
07/31/96	A60943	Limited Scope Audit of Vacant Space in the Mid-Atlantic Region		
08/16/96	A40350	Survey Report of Prospectus Repair and Alteration Projects, General Services Administration, New England Region		
08/22/96	A52144	Audit of Utility Services Contracting Activities in Region 7 Public Buildings Service		
08/27/96	A62448	Audit of Background Checks on Contractor Personnel		
09/27/96	A61835	Audit of Implementation of PBS's Information Systems Strategy		
09/27/96	A61844	Review of PBS's Prompt Software Initiative		
09/27/96	A63307	Audit of Initial Space Alterations		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
PBS	CONTRACT AUDITS			
04/08/96	A61217	Preaward Audit of Small Business Administration 8(A) Pricing Proposal: Tricomm, Incorporated, Solicitation Number GS-04P-95-EXC-0011		
04/23/96	A63622	Preaward Audit of Change Order Proposal: Truland Systems Corporation, a Subcontractor to Turner Construction Company, Contract Number GS-11P91AQC0060		
04/24/96	A60633	Preaward Audit of a Claim: Dawson Construction Company, Inc., Contract Number GS-07P-91-JXC-0117		
04/25/96	A62446	Audit of Claim for Increased Costs: Standard Cabinet Works, Inc., Subcontractor to Dawson Construction Co., Inc., Contract Number GS-07P-91-JXC-0117		
04/25/96	A63615	Audit of Claim for Increased Costs: M & M Welding & Fabricators, Inc., Subcontractor to John J. Kirlin, Inc., Contract Number GS-11P90MKC0129 "NEG"		
04/29/96	A62481	Preaward Audit of Cost or Pricing Data: Digatron, Inc., Solicitation Number GS-08P-96-JAC-0502		
05/06/96	A63628	Preaward Audit of Cost or Pricing Data: Permanent Solution Industries, Inc., Solicitation Number RFP-GS11P96MJC0009		
05/06/96	A63631	Preaward Audit of Cost or Pricing Data: Tex/AM Construction Co., Inc., Solicitation Number GS-11P95-MQC0024 "Neg"		
05/07/96	A53644	Audit of Claim for Increased Costs: Reliable Engineering Services, Inc., a Subcontractor of the George Hyman Construction Company, Contract Number GS-11P92-MKC0062		
05/09/96	A62450	Audit of Claim for Increased Costs: Sun Construction and Design Services, Inc., Subcontractor to Dawson Construction Company, Inc., Contract Number GS-07P-91-JXC-0117		
05/10/96	A61824	Preaward Audit of Cost or Pricing Data: The Helping Hand of Goodwill Industries, Contract Number GS06P94GXC0108		
05/13/96	A61823	Preaward Audit of Cost or Pricing Data: The Helping Hand of Goodwill Industries, Contract Number GS06P93GXC0032		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
05/13/96	A63627	Preaward Audit of Cost or Pricing Data: Landis & Gyr Powers, Inc., Solicitation Number GS11P95MQC0025		
05/13/96	A63629	Preaward Audit of Architect and Engineering Services Contract: The Temple Group, Inc., Solicitation Number GS11P95EGD0017		
05/14/96	A62464	Preaward Audit of a Claim: Natkin and Company, Contract Number GS-07P-91-JXC-0117		
05/17/96	A61533	Audit of Costs Incurred: Marino Construction Company, Inc., Option Number 4, Contract Number GS05P90GBC0101		
05/17/96	A61838	Preaward Audit of Proposed Overhead Rate: U.S. Engineering Company, Contract Number GS06P94-GYC0076(N)		
05/20/96	A62440	Preaward Audit of a Claim: Hibbits Construction, Inc., Contract Number GS-07P-91-JXC-0010		
05/23/96	A62463	Preaward Audit of a Claim: DDC Interiors, Inc., Contract No. GS-07P-91-JXC-0117		
05/23/96	A63626	Preaward Audit of Change Order Proposal: C. J. Coakley Co., Inc., a Subcontractor to Turner Construction Company, Contract Number GS11P91AQC0060		
05/24/96	A61535	Preaward Audit of Equitable Adjustment Claim: Herman B. Taylor Construction Co., Contract Number GS-07P-92-HUC-0017		
06/03/96	A61242	Preaward Audit of Small Business Administration 8(A) Pricing Proposal: Intersteel, Inc., Solicitation Number GS-04P-96-EWC-0022		
06/10/96	A60336	Preaward Audit of Architect and Engineering Services Contract: Truex Cullins and Partners Architects, Solicitation Number GS-02P-92-CUC-0025		
06/13/96	A63634	Preaward Audit of Cost or Pricing Data: Wm. D. Euille & Associates, Inc., Solicitation Number GS-11P-96-MKC-0010		
06/19/96	A60341	Preaward Audit of Architect and Engineering Services Contract: Ames & Whitaker Architects P.C., Solicitation Number GS-01P-95-BZD-0014		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
06/21/96	A60649	Preaward Audit of Architect and Engineering Services Contract: Wank Adams Slavin Associates, Solicitation Number GS-02P-96-DTC-0011(N)		
06/25/96	A61843	Preaward Audit of Cost or Pricing Data: The Helping Hand of Goodwill Industries, Contract Number GS06P3GXC0021		
06/27/96	A60637	Postaward Review of Real Estate Taxes: Internal Revenue Service, 1133 Avenue of the Americas, New York, NY 10036, Lease Number GS-02B-22680		\$1,148,358
07/03/96	A61542	Preaward Audit of a Delay Claim: Blinderman Construction Company, Inc., Contract Number GS05P92GBC0038		
07/09/96	A62490	Preaward Audit of a Claim for Increased Costs: Rosendin Electric, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
07/10/96	A60650	Preaward Audit of Architect and Engineering Services Contract: R.M. Kliment & Frances Halsband Architects, Solicitation Number GS-02P-96-DTC-0011(N)		
07/12/96	A62496	Preaward Audit of Lease Escalation Proposal: One Waterfront Plaza Partners, Lease Number GS-09B-89551		
07/18/96	A60335	Preaward Audit of Cost or Pricing Data: Suffolk Construction Company, Inc., Contract Number GS-01P-90-BZC-0035, Modification Number 356		
07/18/96	A63637	Preaward Audit of Change Order Proposal: Citiroof Corporation, Contract Number GS11P94MKC0027		
07/19/96	A60342	Preaward Audit of Cost or Pricing Proposal: Contracting Ventures Inc., Contract Number GS-01P-95-BZC-0027		
07/22/96	A60653	Preaward Audit of Architect and Engineering Services Contract: Severud Associates Consulting Engineers P.C., Solicitation Number GS-02P-96-DTC-0011(N)		
07/22/96	A62491	Preaward Audit of a Claim for Increased Costs: Superior Tile Company, Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
07/22/96	A62492	Preaward Audit of a Claim for Increased Costs: Cosco Fire Protection, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
07/26/96	A60654	Preaward Audit of a Claim–Assist to General Counsel Re: Environmental Data Consultants, Inc., Contract Number GS-02P-92-CUC-0003		
07/26/96	A61851	Preaward Audit of Proposed Overhead Rate: National Fire Suppression, Contract Number GS06P94GYC0076(N)		
07/30/96	A60651	Preaward Audit of Architect and Engineering Services Contract: Flack + Kurtz Consulting Engineers, Solicitation Number GS-02P-96-DTC-0011(N)		
08/01/96	A62498	Postaward Audit of Janitorial Services Contract: Rubicon Programs, Inc., Contract Number GS-09P-96-KSC-0001	\$37,297	\$5,738
08/09/96	A61852	Preaward Audit of Proposed Overhead Rate: Ceco Concrete Construction Company, Contract Number GS06P94-GYC0076(N)		
08/21/96	A61544	Preaward Audit of a Claim: D. L. Woods Construction, Inc., Contract Number GS05P91GBC0057		
08/29/96	A62495	Preaward Audit of a Claim for Increased Costs: Columbia Fabricating Company, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
08/29/96	A63640	Preaward Audit of Sole Source Contract: K-LO Construction, Inc., Solicitation Number GS-11P95MQC0039		
09/06/96	A60662	Preaward Audit of a Claim: Historic Conservation and Interpretation, Inc., Contract Number GS-02P-91-CUC-0069		
09/06/96	A63643	Preaward Audit of Cost or Pricing Data: Design Management Associates, Inc., Solicitation Number GS11P96MMC0010		
09/20/96	A61534	Preaward Audit of a Claim: Marino Construction Company, Contract Number GS05P90GBC0101		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
09/20/96	A62485	Preaward Audit of a Claim for Increased Costs: Schram Construction Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
09/20/96	A62494	Preaward Audit of a Claim for Increased Costs: Aire Sheet Metal Inc., Subcontractor to Schram Construction Inc., Contract Number GS-09P-93-KTC-0034		
09/24/96	A61254	Audit of Final Invoice: MManTec, Incorporated, Contract Number GS-04P-91-EWC-0055		
09/26/96	A62500	Preaward Audit of a Claim for Increased Costs: Rollie R. French, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034		
FSS INTERNAL AUDITS				
04/24/96	A61831	Advisory Review of FSS' Initiative for Next-Day Desktop Delivery of Office Supplies		
04/26/96	A51562	Audit of Customer Supply Center Operations, Great Lakes Region		
06/28/96	A61517	Audit of Fleet Management Centers		
07/10/96	A61527	Review of the Travel Management Center Operated by Omega World Travel Under Contract No. GS-06F-KF92006		
08/08/96	A61513	Audit of Chicago Fleet Management Center Operations		
08/29/96	A52172	Management Control Review of Receiving and Export Operations at the Southwestern Distribution Center		
08/29/96	A62431	Audit of Controls Over Vehicle Sales Support Contractors, Pacific Rim Region		
09/04/96	A62458	Interim Advisory Report on the Federal Operations Review Model Analysis of the Federal Supply Service, Supply/Procurement Business Line		
09/05/96	A53037	Review of the Transfer and Donation of the Lighter Air Cushion Amphibious Vehicle-30 (LACV-30)		
09/27/96	A51816	Advisory Report on Benchmarking FSS's Customer Supply Center Program to Similar Private Sector Programs		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
FSS CONTRACT AUDITS				
04/04/96	A60330	Postaward Audit of Multiple Award Schedule Contract: Viasoft, Inc., Contract Number GS00K92AGS5960		\$71,202
04/09/96	A60325	Preaward Audit of Multiple Award Schedule Contract: Wright Line Inc., Solicitation Number 3FNS-95-G201-B		
04/10/96	A31549	Postaward Audit of Multiple Award Schedule Contract: GF Office Furniture, Ltd., Contract Number GS-00F-07017 for the Period December 27, 1988 Through September 30, 1991		\$3,180,632
04/10/96	A62426	Preaward Audit of Multiple Award Schedule Contract: Ricoh Corporation, Solicitation Number GSC-KES-00066-N-08-09-95		
04/11/96	A51551	Postaward Audit of Multiple Award Schedule Contract: Hill-Rom Company, Contract Number GS-00F-8351A for the Period February 25, 1992 Through October 31, 1995		\$464,815
04/16/96	A51558	Price Adjustments on Multiple Award Schedule Contract: Life Fitness, Inc., Contract Number GS-07F-6059A for the Interim Period June 1, 1996 Through December 31, 1996		
04/22/96	A63625	Preaward Audit of Multiple Award Schedule Contract: Hoover Containment, Inc., Solicitation Number 7FXG-M5-96-5403-B		
05/02/96	A62480	Preaward Audit of Multiple Award Schedule Contract: Cambro Manufacturing Company, Solicitation Number 7FXG-Y8-95-7354-B		
05/03/96	A60923	Preaward Audit of Multiple Award Schedule Contract: Intermetro Industries Corporation, Solicitation Number 7FXG-Y8-95-7354-B		
05/06/96	A62428	Preaward Audit of Multiple Award Schedule Contract: Plantronics, Incorporated, Solicitation Number GSC-KES-00066-N-08-09-95		
05/07/96	A60638	Preaward Audit of Multiple Award Schedule Contract: Cybex, Division of Lumex, Inc., Solicitation Number 7FXG-J3-96-7802-B		

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
05/07/96	A60641	Price Adjustments on Multiple Award Schedule Contract: Maxell Corporation of America, Contract Number GS-02F-8810B for the Interim Period May 1, 1996 Through March 31, 1998		
05/07/96	A61828	Preaward Audit of Multiple Award Schedule Contract: United Industries, Inc., Solicitation Number 7FXG-J3-96-7802-B		
05/08/96	A60635	Preaward Audit of Multiple Award Schedule Contract: CenterCore Group, Inc., Solicitation Number 3FNS-95-G201-B		
05/10/96	A60647	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Cybex, Division of Lumex, Inc., Contract Number GS-07F-6033A		\$2,919
05/10/96	A62478	Audit of Termination Settlement Proposal: TEEMS, Inc., Contract Number GS-07F-58620		
05/17/96	A41843	Postaward Audit of Multiple Award Schedule Contract: Memorex Computer Supplies, Contract Number GS-02F-6109A for the Period May 8, 1992 Through March 31, 1994		\$513,884
05/17/96	A62461	Postaward Audit of Multiple Award Schedule Contract: Deltec Electronics Corporation, Solicitation Number 7FXI-R7-91-6109-B		
05/22/96	A50345	Postaward Audit of Multiple Award Schedule Contract: The Brewster Corporation, Contract Number GS-00F-5297A for the Interim Period May 1, 1991 Through April 30, 1995		\$248,318
05/24/96	A60621	Postaward Audit of Multiple Award Schedule Contract: Ilford Photo, Contract Number GS-00F-4462A		\$194,030
05/24/96	A61538	Preaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Solicitation Number 3FNS-95-G201-B		
05/29/96	A10538	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-10F-48545		\$207,588
05/29/96	A10539	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-07F-13738		\$27,045

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
05/29/96	A10540	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-10F-49527		
05/29/96	A10541	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-10F-48876		\$23,071
05/29/96	A10542	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-00F-87668		\$45,175
05/29/96	A30955	Postaward Audit of Multiple Award Schedule Contract: New Pig Corporation, Contract Number GS-10F-48605 for the Period May 11, 1988 Through March 31, 1991		\$253,594
05/29/96	A61239	Preaward Audit of Multiple Award Schedule Contract: Environments, Inc., Solicitation Number 7FXG-J3-96-7802-B		
05/30/96	A62126	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Body Masters Sports Industry, Inc., Contract Number GS-07F-4747A		
06/04/96	A40937	Postaward Audit of Multiple Award Schedule Contract: Insinger Machine Company, Contract Number GS-07F-6300A for the Period October 1, 1992 Through April 28, 1994		\$33,370
06/13/96	A61845	Postaward Audit of Multiple Award Schedule Contract: Gray Automotive Products Company, Contract Number GS-07F-7075B for the Interim Period July 1, 1994 Through March 31, 1996		
06/17/96	A60333	Preaward Audit of Multiple Award Schedule Contract: S & S Worldwide, Solicitation Number 7FXG-J3-96-7802-B		
06/17/96	A60339	Preaward Audit of Multiple Award Schedule Contract: Servolift Eastern Corporation, Solicitation Number 7FXG-Y8-95-7354-B		
06/17/96	A61842	Preaward Audit of Multiple Award Schedule Contract: Universal Gym Equipment, Inc., Solicitation Number 7FXG-J3-96-7802-B		
06/20/96	A61536	Preaward Audit of Multiple Award Schedule Contract: Life Fitness, Solicitation Number 7FXG-J3-96-7802-B		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
06/21/96	A60935	Postaward Audit of Multiple Award Schedule Contract: Vicon Industries, Inc., Contract Number GS-03F-4074B for the Interim Period April 1, 1994 Through September 30, 1995		
06/21/96	A61529	Interim Period Postaward Audit of Multiple Award Schedule Contract: Quartet Manufacturing Company, Contract Number GS-00F-6131B		
06/21/96	A61541	Preaward Audit of Multiple Award Schedule Contract: Steelcase, Inc., Solicitation Number 3FNS-B8-950001-B		
06/24/96	A62486	Preaward Audit of Multiple Award Schedule Contract: Krueger International, Solicitation Number 3FNS-95-G201-B		
06/25/96	A52133	Postaward Audit of Multiple Award Schedule Contract: Attachmate Corporation, Contract Number GS00K-93AGS6191		\$220,050
06/26/96	A61840	Preaward Audit of Multiple Award Schedule Contract: U.S. Toy Co., Inc., d/b/a/ Constructive Playthings, Solicitation Number 7FXG-J3-96-7802-B		
06/27/96	A63633	Preaward Audit of Multiple Award Schedule Contract: Cleveland Range, Inc., Solicitation Number 7FXG-Y8-95-7354-B		
06/28/96	A61539	Preaward Audit of Multiple Award Schedule Contract: Steelcase, Inc., Solicitation Number 3FNS-95-G201-B		
07/09/96	A61820	Postaward Audit of Multiple Award Schedule Contract: Plotter Supplies, Inc., Contract Number GS-02F-2046A for the Period September 1, 1990 Through February 29, 1996		\$27,942
07/10/96	A62488	Preaward Audit of Multiple Award Schedule Contract: Stairmaster Sports/Medical Products, L.P., Solicitation Number 7FXG-J3-96-7802-B		
07/11/96	A61243	Preaward Audit of Multiple Award Schedule Contract: Kaplan School Supply Corporation, Solicitation Number 7FXG-J3-96-7802-B		
07/11/96	A61249	Limited Postaward Audit of Government Billings: Kaplan School Supply Corporation, Contract Number GS-07F-8442C		\$3,039

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
07/15/96	A62452	Preaward Audit of Multiple Award Schedule Contract: Gill Marketing Company, Dealer for Hobart Corporation, Solicitation Number 7FXG-Y8-95-7354-B		
07/15/96	A62479	Preaward Audit of Multiple Award Schedule Contract: Gill Marketing Company, Dealer for Servolift/Eastern Corporation, Solicitation Number 7FXG-Y8-95-7354-B		
07/16/96	A60926	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company, Contract Number GS-00F-4431A (Purchases & Consumable Supplies) for the Period November 30, 1990 Through September 30, 1993		\$25,332
07/18/96	A60658	Preaward Audit of Multiple Award Schedule Contract: CenterCore Group, Inc., Solicitation Number 3FNS-B8-950001-B		
07/22/96	A61246	Preaward Audit of Multiple Award Schedule Contract: Nautilus International, Inc., Solicitation Number 7FXG-J3-96-7802-B		
07/22/96	A61248	Preaward Audit of Multiple Award Schedule Contract: ABC School Supply, Incorporated, Solicitation Number 7FXG-J3-96-7802-B		
07/23/96	A60345	Audit of Cost and Pricing Data: Subcontractors to Beech Aircraft Corporation, Solicitation Number GS-KEGD-95-1009		
07/23/96	A62484	Preaward Audit of Multiple Award Schedule Contract: Hobart Corporation, Manufacturer for Gill Marketing Company, Solicitation Number 7FXG-Y8-95-7354-B		
07/25/96	A60655	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Olympus America, Inc., Contract Number GS-24F-1292C		
07/25/96	A62119	Preaward Audit of Multiple Award Schedule Contract: Sport Supply Group, Inc., Solicitation Number 7FXG-J3-96-7802-B		
07/29/96	A60652	Preaward Audit of Cost or Pricing Data: Caswell International Corporation, Solicitation Number 2FYG-JI-94-0004-B-1		
07/29/96	A61553	Preaward Audit of Multiple Award Schedule Contract: Herman Miller, Inc., Solicitation Number 3FNS-B8-950001-B		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
07/30/96	A61540	Preaward Audit of Multiple Award Schedule Contract: Trendway Corporation, Solicitation Number 3FNS-B8-950001-B		
08/02/96	A60941	Price Adjustments on Multiple Award Schedule Contract: Interface Flooring Systems, Inc., Contract Number GS-00F-0002A for the Interim Period October 8, 1992 Through March 31, 1996		
08/12/96	A61848	Postaward Audit of Multiple Award Schedule Contract: Bike Lokr Company, Contract Number GS-07F-6320A for the Interim Period September 1, 1992 Through June 30, 1996		\$23,564
08/12/96	A63638	Preaward Audit of Multiple Award Schedule Contract: Rubbermaid Commercial Products, Inc., Solicitation Number 7FXI-B7-95-7253-3		
08/13/96	A51851	Postaward Audit of Multiple Award Schedule Contract: Tiffany Office Furniture, Contract Number GS-00F-5057A for the Interim Period April 15, 1991 Through April 12, 1995		\$360,322
08/13/96	A60657	Preaward Audit of Multiple Award Schedule Contract: GF Office Furniture, Ltd., Solicitation Number 3FNS-B8-950001-B		
08/15/96	A51827	Postaward Audit of Multiple Award Schedule Contract: Sybase, Inc., Contract Number GS00K92AGS5576 for the Period September 9, 1992 Through September 30, 1993		\$331,173
08/22/96	A50915	Postaward Audit of Multiple Award Schedule Contract: Philips Communication & Security Systems Inc. (Formerly Burle Industries, Incorporated), Contract Number GS-03F-2035A for the Period December 20, 1991 Through June 30, 1994		\$162,144
08/22/96	A60660	Preaward Audit of Multiple Award Schedule Contract: GF Office Furniture, Ltd., Solicitation Number 3FNS-95-G201-B		
08/22/96	A60938	Postaward Audit of Multiple Award Schedule Contract: Eastman Kodak Company, Contract Number GS-00F-4431A (Microphotographic Maintenance) for the Period November 21, 1990 Through September 30, 1993		
08/23/96	A30904	Postaward Audit of Multiple Award Schedule Contract: Capp, Incorporated, Contract Number GS-07F-3227A for the Period October 1, 1990 to October 31, 1992		\$101,491

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Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
08/23/96	A60348	Price Adjustments on Multiple Award Schedule Contract: S&S Worldwide, Contract Number GS-07F-4823A		
08/23/96	A60664	Limited Scope Postaward Audit of Multiple Award Schedule Contract: CenterCore Group, Inc., Contract Number GS-00F-9003A		\$18,425
08/26/96	A41809	Postaward Audit of Multiple Award Schedule Contract: Baxter Healthcare Corporation, Contract Number GS00F03606 for the Period June 1, 1988 Through May 31, 1991		\$1,963,190
08/26/96	A61549	Preaward Audit of Multiple Award Schedule Contract: Haworth, Inc., Solicitation Number 3FNS-B8-950001-B		
08/28/96	A61550	Preaward Audit of Multiple Award Schedule Contract: Haworth, Inc., Solicitation Number 3FNS-95-G201-B		
08/29/96	A62133	Preaward Audit of Multiple Award Schedule Contract: Motorola, Inc., Supplemental Data Submitted Under Solicitation Number GSC-KES-00066-N-08-09-95		
08/30/96	A63635	Preaward Audit of Multiple Award Schedule Contract: American Seating Company, Solicitation Number 3FNS-B8-950001-B		
09/03/96	A63636	Postaward Audit of Multiple Award Schedule Contract: Government Scientific Source, Inc., Contract Number GS-24F-1320C and GS-25F-5077C		\$810
09/05/96	A60343	Postaward Audit of Multiple Award Schedule Contract: Edward Ochman Systems, Contract Number GS-00F-5350A		
09/06/96	A62118	Postaward Audit of Multiple Award Schedule Contract: Silicon Graphics, Inc., Contract Number GS00K92AGS5993		\$17,469
09/16/96	A62505	Postaward Survey of Multiple Award Schedule Contract: Charter of Lynchburg, Inc., Contract Numbers GS-27F-2023B & GS-27F-2024B		
09/17/96	A62499	Preaward Audit of Multiple Award Schedule Contract: TAB Products Company, Solicitation Number 3FNS-95-G201-B		
09/23/96	A60665	Postaward Audit of Multiple Award Schedule Contract: Controlotron, Inc., Contract Number GS-24F-1133B for the Interim Period August 1, 1994 Through June 30, 1996		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
09/25/96	A60947	Preaward Audit of Multiple Award Schedule Contract: Knoll North America, Inc., Solicitation Number 3FNS-B8-950001-B		
09/25/96	A61251	Audit of Claim for Increased Costs: CARAM, Contract Number GS-07F-56600		
09/25/96	A61546	Preaward Audit of Multiple Award Schedule Contract: Allsteel, Inc., Solicitation Number 3FNS-B8-950001-B		
09/25/96	A61547	Preaward Audit of Multiple Award Schedule Contract: Allsteel, Inc., Solicitation Number 3FNS-95-G201-B		
09/26/96	A62135	Limited Postaward Audit of Multiple Award Schedule Contract Refund: Motorola, Incorporated, Contract Number GS00K90AGS0703		\$638,064
ITS INTERNAL AUDITS				
07/22/96	A61817	Audit of the Federal Information Systems Support Program in the Heartland Region		
08/16/96	A60329	Interim Advisory Report on the Federal Operations Review Model Analysis of the Information Technology Integration Business Line		
09/18/96	A62434	Audit of the Management of Software Licenses		
ITS CONTRACT AUDITS				
04/24/96	A60939	Preaward Audit of Federal Information Processing Support Services Contract: Rockwell International Corporation, Solicitation Number GSC-KEGD-95-1009		
04/29/96	A60337	Preaward Audit of Cost and Pricing Data: Raytheon Service Company and Raytheon Support Services Company, Solicitation Number GSC-KEGD-95-1009		
05/13/96	A63632	Preaward Audit of Cost or Pricing Data: Kottmann, Inc., Solicitation Number GSC-KRGB-9602		
06/17/96	A42471	Postaward Audit of Multiple Award Schedule Contract: Cisco Systems, Inc., Contract Number GS-00K-91-AGS-5016		\$1,403,554
FTS INTERNAL AUDITS				
05/28/96	A63018	Follow-up Audit of FTS2000 7 to 10 Digit Conversion		

Appendix II – Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds To Be Put To Better Use	Questioned (Unsupported) Costs
FTS CONTRACT AUDITS				
05/30/96	A60646	Postaward Audit of Labor Rate Prices: CSC Consulting & Systems Integration, Subcontractor to AT&T Communications, Contract Number GS-00K-89AHD-0008		\$64,412
07/16/96	A60659	Postaward Audit of Facility Charges Billed: CSC Consulting & Systems Integration, Subcontractor to AT&T Communications, Contract Number GS00K89AHD0008		
08/28/96	A60663	Preaward Audit of Change Order Proposal: AT&T Communications, Contract Number GS-00K-89AHD0008		
OTHER INTERNAL AUDITS				
04/02/96	A52170	Audit of Cash Deposits to Treasury		
07/08/96	A61512	Audit of the Impact of Approved Buyouts on GSA Operations		
09/06/96	A52165	Audit of the Validation of Open Obligations in Region 7 by the Finance Division and the Public Buildings Service		
09/27/96	A52729	Survey Report on GSA's Tax-Related Information Reporting		
09/27/96	A61522	Audit of Security Clearances and Background Checks, Great Lakes Region		
09/27/96	A63311	GSA Needs to Take Prompt Management Actions to Ensure Computer Systems Can Operate in The Year 2000		
09/27/96	A63317	GSA Needs to Take Additional Actions to Implement the Federal Workforce Restructuring Act of 1994		
NON-GSA INTERNAL AUDITS				
06/07/96	A63022	Audit of the Administrative Procedures of the National Capital Planning Commission		
07/17/96	A63028	Audit of the Administrative Practices and Procedures of the United States Nuclear Waste Technical Review Board		

Appendix III – Delinquent Debts

GSA's Office of the Chief Financial Officer provided the following information.

GSA Efforts to Improve Debt Collection

During the period April 1, 1996 through September 30, 1996, GSA efforts to improve debt collection and reduce the amount of debt written off as uncollectible focused on upgrading the collection function and enhancing debt management. These activities included the following:

- Continued to participate in formal training and seminars which focus on programs or new developments in debt collection.
- Continued participating in the Tax Refund Offset program which has proven successful in collecting debts as well as indicating to the debtor in the pre-offset letter that the debt will be referred to the Internal Revenue Service.
- Referred all debtors who do not respond to collection to a debt collection agency before being written off or forwarded to the Department of Justice.

- Continued to utilize Governmentwide debt collection contracts with private debt collection agencies for the most difficult debts. This is a particularly useful vehicle for debt collection because the debt collection agency only charges GSA for debts collected.
- Executed administrative offsets of \$120,576.
- Continued to work with any debtor with a financial hardship by entering into a promissory note for installment payments. This saves GSA and the Department of Justice time and money by not having to prosecute someone who cannot or will not pay a debt.
- Continued to conduct quarterly follow-ups with GSA contracting officers concerning their initiation and processing of contractual claims. These follow-ups emphasize the importance of timely and correct claims processing.

Non-Federal Accounts Receivable

	As of April 1, 1996	As of September 30, 1996	Difference
Total Amounts Due GSA	\$24,914,183	\$19,822,017	\$(5,092,166)
Amount Delinquent	\$15,328,261	\$17,684,071	\$ 2,355,810
Total Amount Written Off as Uncollectible Between 4/1/96 and 9/30/96	\$68,128		

Of the total amounts due GSA and the amounts delinquent as of April 1, 1996 and September 30, 1996,

approximately \$465,000 and \$399,000 respectively, are being disputed.

Appendix IV – Reporting Requirements

The table below cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the Congress in Senate Report No.

96-829 relative to the 1980 Supplemental Appropriations and Rescission Bill is also cross-referenced to the appropriate page of the report.

Requirement	Page
Inspector General Act	
Section 4(a)(2)–Review of Legislation and Regulations.....	24
Section 5(a)(1)–Significant Problems, Abuses, and Deficiencies.....	2,9
Section 5(a)(2)–Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	2,9
Section 5(a)(3)–Prior Recommendations Not Yet Implemented	33
Section 5(a)(4)–Matters Referred to Prosecutive Authorities	29
Sections 5(a)(5) and 6(b)(2)–Summary of Instances Where Information Was Refused.....	None
Section 5(a)(6)–List of Audit Reports.....	36
Section 5(a)(7)–Summary of Each Particularly Significant Report.....	2,9
Section 5(a)(8)–Statistical Tables on Management Decisions on Questioned Costs.....	28
Section 5(a)(9)–Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	27
Section 5(a)(10)–Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made.....	None
Section 5(a)(11)–Description and Explanation for Any Significant Revised Management Decision	None
Section 5(a)(12)–Information on Any Significant Management Decisions With Which the Inspector General Disagrees	None
Senate Report No. 96-829	
Resolution of Audits.....	26
Delinquent Debts	51

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